

An Audit

Wisconsin Educational Communications Board Radio Network

2003-2004 Joint Legislative Audit Committee Members

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State Auditor - Janice Mueller

Audit Prepared by

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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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December 21, 2004

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Ms. Wendy Wink, Executive Director
Educational Communications Board
3319 West Beltline Highway
Madison, Wisconsin 53713

Dear Senator Roessler, Representative Jeskewitz, and Ms. Wink:

We have completed a financial audit of the State of Wisconsin Educational Communications Board (ECB) Radio Network to meet our audit requirements under s. 13.94, Wis. Stats., and as requested by ECB to fulfill the audit requirements of the Corporation for Public Broadcasting. The Corporation requires audited financial statements of public broadcasting entities to determine future funding levels.

ECB, which is an agency of the State of Wisconsin, operates a radio network of 12 FM stations and 1 AM station, as well as a television network of 5 digital stations and 5 analog stations. The Radio Network received \$8.3 million in support and revenue during fiscal year 2003-04, including state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants.

Our audit report contains the ECB Radio Network's financial statements and related notes for the period July 1, 2003, through June 30, 2004. We were able to issue an unqualified independent auditor's report on these statements. However, we identified concerns with ECB's capital asset accounting procedures and new capital asset system, which ECB has begun to address.

We appreciate the courtesy and cooperation extended to us by ECB staff during the audit.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Janice Mueller'.

Janice Mueller
State Auditor

JM/DA/ss

Audit Opinion ■

Independent Auditor's Report on the Financial Statements of the Wisconsin Educational Communications Board Radio Network

We have audited the accompanying balance sheet of the Wisconsin Educational Communications Board Radio Network's Operating Fund and the Wisconsin Public Broadcasting Foundation, Inc.'s Radio Fund as of June 30, 2004, and the related statement of revenues, expenses, and changes in fund net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the Educational Communications Board's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc., of which net assets of \$1,095,012 are allocated to the Educational Communications Board and are reflected in the accompanying financial data contained in Note 12B. Assets and revenues of the Wisconsin Public Radio Association, Inc., included in the accompanying financial statements represent 11.4 percent of total assets and 44.5 percent of total revenue. The financial statements of the Wisconsin Public Radio Association, Inc., were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wisconsin Public Radio Association, Inc., is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Wisconsin Public Radio

Association, Inc., were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with the additional requirements of *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Wisconsin Educational Communications Board Radio Network and do not purport to, and do not, present fairly the financial position of the State of Wisconsin as of June 30, 2004, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In our opinion, based upon our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the Wisconsin Educational Communications Board Radio Network's Operating Fund and the Wisconsin Public Broadcasting Foundation Inc.'s Radio Fund as of June 30, 2004, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Wisconsin Educational Communications Board Radio Network. Management's Discussion and Analysis on pages 7 through 9 is presented for purposes of additional analysis and is not a required part of the financial statements referred to in the first paragraph. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Notes 12B and 14, the presentation of Wisconsin Public Radio Association, Inc.'s balances and activities allocated to the ECB Radio Network was changed as the result of a reassessment of the relationship between the Association and the ECB Radio Network under Governmental Accounting Standards Board Statement Number 39, *Determining Whether Certain Organizations Are Component Units*.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2004, on our consideration of the Wisconsin Educational Communications Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and our tests of other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

December 10, 2004

LEGISLATIVE AUDIT BUREAU
by 
Diann Allsen
Audit Director

Management's Discussion and Analysis ■

Prepared by Educational Communications Board Management

The Management's Discussion and Analysis (MD&A) section is prepared by the Educational Communications Board's (ECB's) management and is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement Number 34. The MD&A provides the reader with general information on the financial activities of ECB and the Wisconsin Public Broadcasting Foundation, Inc. (WPBF).

ECB is an agency of the State of Wisconsin that operates a public radio network of 12 FM stations and 1 AM station, as well as a public television network of 5 digital stations and 5 analog stations. ECB also operates 3 FM translators, 6 TV translators, and a network of 26 weather service broadcast sites. WPBF was organized by ECB under s. 39.12 and ch. 181, Wis. Stats., on September 29, 1983, for the exclusive purpose of raising funds for the Wisconsin educational television and radio networks.

Following this section are the financial statements and notes as they relate to the ECB Radio Network. The Balance Sheet provides information on the types of assets and the liabilities of the Radio Network, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Radio Network's financial position is improving or deteriorating. The Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Statement of Cash Flows provide information on income and expenses and cash activities. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The Radio Network's adoption of the GASB 34 reporting model had a significant effect on the format of the Statement of Revenues, Expenses, and Changes in Fund Net Assets. GASB 34 redirects the focus of the reader from the operating income gain or loss to the changes in fund net assets. State General Fund revenue, which is a significant source of funding for the Radio Network, is reported as nonoperating revenues. The result is a net operating loss in the net operating revenues line. This loss is offset when the nonoperating revenues (with state General Fund revenue) and capital contributions are later added in, resulting in a positive change in net assets.

Condensed financial information relating to the ECB Radio Network as of and for the fiscal years ended June 30, 2004, and June 30, 2003, is as follows:

ECB Radio Network Condensed Financial Information

	June 30, 2004	June 30, 2003 ¹	Change
Total Assets	\$10,094,852	\$8,934,714	13%
Total Liabilities	1,591,386	1,474,135	8
Net Assets	<u>\$8,503,466</u>	<u>\$7,460,579</u>	

	FY 2003-04	FY 2002-03	Change
Operating Revenue	\$5,587,633	\$5,497,348	2%
Operating Expenses	7,032,939	7,091,406	-1
Net Operating Loss	(1,445,306)	(1,594,058)	
Nonoperating Revenue (Expense)	1,544,854	1,418,701	9
Capital Contributions	943,339	2,223,504	-58
Changes in Net Assets	<u>\$1,042,887</u>	<u>\$2,048,147</u>	

¹ Certain FY 2002-03 amounts have been restated to reflect prior-period restatements and have been reclassified for comparative purposes to conform with presentation of current-year amounts.

The total assets increase of 13 percent and the liabilities increase of 8 percent were due to the rebuilding of network infrastructure to accommodate the conversion to digital television. The towers and buildings that were improved for the conversion are used by the Television and Radio networks. There also was an increase in the value of cash and investments.

It should be noted that \$6,252,336 of the fixed assets of ECB related to radio are presented at historical cost less depreciation. Replacement cost of buildings and equipment, using the Builders Cost Index, is over \$49 million for the combined statewide public radio and television networks.

Operating revenues and expenses were virtually unchanged from last fiscal year.

Nonoperating revenues consist of investment earnings and losses, both realized and unrealized. The value of investments increased in FY 2003-04 because of market gains. In accordance with GASB 34, nonoperating revenues also include state General Fund revenues from the State of Wisconsin General Fund and State Insurance Funds, which both increased slightly in FY 2003-04. The nonoperating expense also consists of a required lapse of \$138,300 to the General Fund.

Capital contributions decreased significantly in FY 2003-04 in comparison to FY 2002-03. During FY 2002-03, ECB had received increased funding from the State Building Trust Fund and federal grants for the development of the digital television network. Because buildings and towers are shared by both the ECB Television and Radio Networks, these FY 2002-03 digital television funds were also a benefit to the ECB Radio Network.

The net results of all operations for the year are summarized in the line titled Changes in Net Assets. FY 2003-04 showed a large decrease in changes in net assets due to the capital contributions required for the buildup of the network infrastructure in FY 2002-03.

This financial report is designed to provide a general overview of the Educational Communications Board's finances related to public radio. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to ECB in care of the Executive Director, 3319 West Beltline Highway, Madison, WI 53713-4296.

General information relating to the Educational Communications Board can be found at ECB's Web site, www.ecb.org.

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Financial Statements ■

Balance Sheet

June 30, 2004

	Operating Fund	WPBF (Note 11)	Total June 30, 2004
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 1 and 2)	\$ 55,566	\$ 1,449,176	\$ 1,504,742
Investments (Notes 1 and 2)	0	1,931,018	1,931,018
Receivable—state general appropriations	34,130	0	34,130
Pledges receivable	0	202,618	202,618
Interfund receivable (payable) (Note 3)	7,915	(7,915)	0
Interest receivable	0	2,168	2,168
Inventory	0	8,533	8,533
Prepaid expenses (Note 6)	5,700	29,201	34,901
Other receivables	3,942	34,631	38,573
Total Current Assets	107,253	3,649,430	3,756,683
Noncurrent Assets:			
Prepaid expenses (Note 6)	85,833	0	85,833
Land (Note 4)	84,588	0	84,588
Buildings (Note 4)	2,919,034	0	2,919,034
Equipment (Note 4)	3,248,714	0	3,248,714
Total Noncurrent Assets	6,338,169	0	6,338,169
TOTAL ASSETS	\$ 6,445,422	\$ 3,649,430	\$ 10,094,852
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 438,852	\$ 58,120	\$ 496,972
Accrued liabilities due to affiliates	698,505	178,302	876,807
Bonds payable (Note 7)	5,567	0	5,567
Total Current Liabilities	1,142,924	236,422	1,379,346
Noncurrent Liabilities:			
Compensated absences payable (Note 5)	72,923	0	72,923
Bonds payable (Notes 5 and 7)	139,117	0	139,117
Total Noncurrent Liabilities	212,040	0	212,040
Net Assets:			
Invested in capital assets, net of related debt paid by ECB	6,107,652	0	6,107,652
Restricted by donors	0	48,769	48,769
Unrestricted	(1,017,194)	3,364,239	2,347,045
Total Net Assets	5,090,458	3,413,008	8,503,466
TOTAL LIABILITIES AND NET ASSETS	\$ 6,445,422	\$ 3,649,430	\$ 10,094,852

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Year Ended June 30, 2004

	Operating Fund	WPBF (Note 11)	Total 2003-04
OPERATING REVENUES			
Contributed Support (Note 12)	\$ 0	\$ 3,499,961	\$ 3,499,961
Corporation for Public Broadcasting Grants	0	683,922	683,922
Underwriting Grants	0	631,979	631,979
Other Grants and Contracts	193,405	0	193,405
Major Gifts	0	24,436	24,436
Contributed In-Kind Support (Note 9)	278,022	14,619	292,641
Royalties and Other Income	93,866	167,423	261,289
Total Operating Revenues	565,293	5,022,340	5,587,633
OPERATING EXPENSES			
Program Services:			
Programming and production	3,331,120	82,057	3,413,177
Broadcasting	2,419,431	0	2,419,431
Program information	0	150,520	150,520
Total Program Services	<u>5,750,551</u>	<u>232,577</u>	<u>5,983,128</u>
Support Services:			
Management and general	522,763	151,945	674,708
Fund-raising and membership development	46,636	326,572	373,208
Underwriting	1,121	774	1,895
Total Support Services	<u>570,520</u>	<u>479,291</u>	<u>1,049,811</u>
Total Operating Expenses	6,321,071	711,868	7,032,939
OPERATING INCOME (LOSS)	(5,755,778)	4,310,472	(1,445,306)
NONOPERATING REVENUES (EXPENSES)			
State General Fund Revenue for Operations	1,482,574	0	1,482,574
Required Lapse to the State General Fund	(138,300)	0	(138,300)
Loss on Disposal of Capital Assets	(7,499)	0	(7,499)
State Insurance Funds	8,038	0	8,038
Capital Debt Interest Expense (Note 7)	(113,728)	0	(113,728)
Investment Income	0	313,769	313,769
Total Nonoperating Revenues (Expenses)	1,231,085	313,769	1,544,854
Income (Loss) Before Contributions and Transfers	(4,524,693)	4,624,241	99,548
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions (Note 8)	943,339	0	943,339
Interfund Transfers (Note 3)	3,744,321	(3,744,321)	0
CHANGE IN NET ASSETS	162,967	879,920	1,042,887
Total Net Assets—Beginning of the Year	4,834,352	2,485,632	7,319,984
Prior-Period Restatements (Note 14)	93,139	47,456	140,595
Total Net Assets—End of the Year	<u>\$ 5,090,458</u>	<u>\$ 3,413,008</u>	<u>\$ 8,503,466</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows for the Year Ended June 30, 2004

	Operating Fund	WPBF (Note 11)	Total 2003-04
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributed Support	\$ 0	\$ 4,111,426	\$ 4,111,426
Receipts from Grants	199,710	683,922	883,632
Receipts from Royalties and Other Sales	94,859	174,774	269,633
Payments to Suppliers	(3,876,592)	(693,679)	(4,570,271)
Payments to Employees	(1,623,139)	0	(1,623,139)
Net Cash Provided (Used) by Operating Activities	(5,205,162)	4,276,443	(928,719)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from State Government	1,524,044	0	1,524,044
Required Lapse to the State General Fund	(138,300)	0	(138,300)
Interfund Transfers	3,817,618	(3,817,618)	0
Net Cash Provided (Used) for Noncapital Financing Activities	5,203,362	(3,817,618)	1,385,744
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	943,339	0	943,339
Purchases of Capital Assets	(1,020,123)	0	(1,020,123)
Proceeds from Capital Debt	75,971	0	75,971
Refunding of Capital Debt	(71,699)	0	(71,699)
Principal Paid on Capital Debt	(5,321)	0	(5,321)
Interest Paid on Capital Debt	(113,728)	0	(113,728)
Net Cash Used for Capital and Related Financing Activities	(191,561)	0	(191,561)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Purchases, Sales, and Maturities of Investments	0	(138,545)	(138,545)
Interest and Dividends	0	34,503	34,503
Net Cash Used for Investing Activities	0	(104,042)	(104,042)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(193,361)	354,783	161,422
Balances—Beginning of the Year	248,927	1,094,393	1,343,320
Balances—End of the Year	\$ 55,566	\$ 1,449,176	\$ 1,504,742

The accompanying notes are an integral part of this statement.

	Operating Fund	WPBF (Note 11)	Total 2003-04
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (5,755,778)	\$ 4,310,472	\$ (1,445,306)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by Operating Activities:			
Depreciation expense	426,843	0	426,843
Change in assets and liabilities:			
Receivables, net	7,298	(37,599)	(30,301)
Inventories	0	(3,142)	(3,142)
Prepaid expense	4,967	(80)	4,887
Accounts and other payables	111,508	6,792	118,300
Net Cash Provided (Used) by Operating Activities	\$ (5,205,162)	\$ 4,276,443	\$ (928,719)
Noncash Activities:			
Donated services totaled \$292,641.			
The net increase in the fair value of investments was \$217,691.			

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements ■

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Educational Communications Board (ECB) is an agency of the State of Wisconsin that operates a public radio network of 12 FM stations and 1 AM station, as well as a public television network of 5 digital stations and 5 analog stations. ECB also operates 3 FM translators, 6 TV translators, and a network of 26 weather service broadcast sites. These financial statements include the accounts relating to the ECB Radio Network only. Separate accounts for the radio and television networks are maintained by direct charging whenever possible. All general organization transactions are distributed by an appropriate allocation system.

Radio Network financial statements are combined with the Radio Fund of the Wisconsin Public Broadcasting Foundation, Inc. (WPBF), a not-for-profit corporation that solicits funds in the name of and with the express approval of ECB and provides support to the ECB radio and television networks. See Note 11 for further information regarding WPBF.

ECB Radio Network financial statements also include in the WPBF fund ECB's allocated share of the assets, liabilities, revenues, and expenses of the Wisconsin Public Radio Association, Inc. (WPRA), a not-for-profit corporation that collects funds for Wisconsin Public Radio and provides support to the ECB Radio Network and to WHA-Radio. See Note 12B for further information regarding WPRA.

B. Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). ECB has not applied Financial Accounting Standards Board pronouncements issued after November 30, 1989. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Revenues from government-mandated or voluntary non-exchange transactions, such as contributions and grants, are recognized when all applicable eligibility requirements are met. Eligibility requirements are established by the provider of the funds and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. Purpose restrictions that specify the purpose for which resources are required to be used are not considered an eligibility requirement and do not affect when a nonexchange revenue is recognized.

Contributions, gifts, and grants that do not have eligibility requirements are reported as revenue when ECB is entitled to the funds. Revenue is recognized for pledged WPRA contributions that are expected to be collected within one year at their net realizable value. Contributions, gifts, and grants with eligibility requirements, such as expenditure-driven grants, are recognized when the eligibility requirements are met. Non-cash contributions and donated services are recognized as revenues in the period of receipt.

Expenses are categorized in functional categories. Expenses that relate to more than one category are allocated to the respective categories, using estimates if necessary. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Operating revenues and expenses are directly related to programming, production, development, and delivery of telecommunication services. Nonoperating revenues and expenses, such as investment income, are indirectly associated with programming, production, development, and delivery of telecommunication services. Certain significant revenue streams, such as state General Fund revenue, are reported as nonoperating revenue, as defined by GASB Statement Number 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

C. Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. For example,

broadcasting expenses and administrative expenses are allocated between the television and radio networks based upon historical costs. The actual results may differ from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents in the Radio Network's operating fund include cash balances deposited with the State and shares in the State Investment Fund, a short-term investment pool of state and local funds. Cash and cash equivalents in the WPBF fund include cash deposits with financial institutions and the Radio Network's share of WPRA cash and cash equivalents, which include cash deposits and highly liquid investments with an original maturity of three months or less.

E. Valuation of Investments

Investments are carried at fair-market value based on quoted market prices. State Investment Fund shares are valued at fair-market value.

F. Receivable—State General Appropriations

The portion of liabilities to be financed with amounts appropriated by the State of Wisconsin for FY 2003-04 is reported as a receivable as of the fiscal year-end.

G. Property and Equipment

Items classified as permanent property are recorded at cost or, for donated property, at the estimated fair-market value at the date of receipt. Assets are capitalized if their acquisition value is in excess of \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 6 years for computer equipment to 20 years for buildings and towers. Expenses for repairs and maintenance are charged to operating expenses as incurred.

H. Compensated Absences for Employees

Unused, earned compensated absences, other than accumulated sick leave, are accrued with a resulting liability. The related employer's share of social security taxes, Medicare taxes, and contributions to the Wisconsin Retirement System are also accrued with a resulting liability. The liability and the expense for compensated absences are based on current rates of pay. The compensated absences liability, which generally is not paid out until retirement, is classified as either a short-term or long-term liability, based upon an estimate determined by management.

I. Restricted Net Assets

Restricted Net Assets are reported when constraints placed on net assets are externally imposed, such as by donors or grantors. The ECB Radio Network's restricted assets include program or purpose restrictions placed by donors on contributed support or gifts. Unrestricted net assets may be used at the Radio Network's discretion.

2. DEPOSITS AND INVESTMENTS

The cash balances of ECB's operating fund are deposited with the State and invested in the State Investment Fund, which is a short-term investment pool of state and local funds managed by the State of Wisconsin Investment Board, with oversight by its Board of Trustees and in accordance with Wisconsin Statutes. Holdings of the State Investment Fund include certificates of deposit and investments consisting primarily of direct obligations of the federal government and the State, and unsecured notes of qualifying financial and industrial issuers. Shares in the State Investment Fund are not required to be categorized under GASB Statement 3. The State Investment Fund is not registered with the Securities and Exchange Commission.

WPBF manages its cash and investment activities separate from the cash and investment activities of the State Investment Fund. Cash balances are held in demand deposit and money market accounts at financial institutions. The investments of WPBF relating to the ECB Radio Network are managed by private trust companies. WPRC cash balances are held in deposit and money market accounts and certificates of deposits at financial institutions. WPRC investments are managed by asset management or private trust companies. The ECB Radio Network includes its share of the WPRC deposits and investments in the WPBF Fund. Investment income is presented as a nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

A. Deposits

GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of credit risk assumed. These risk categories are: 1) insured or collateralized, with securities held by the entity or by its agent in the entity's name; 2) collateralized, with securities held by the financial institution's trust department or agent in the entity's name; and 3) uninsured or uncollateralized.

At year-end, the carrying amount of ECB's Radio Network's deposits with financial institutions was \$1,602,242, and the bank balance was \$1,720,844. Deposits of up to \$100,000 at each financial institution are covered by the Federal Deposit Insurance Corporation (FDIC). Of the bank balance, \$470,750 was insured and, therefore, classified in risk category 1; \$1,250,094 was uninsured and uncollateralized and, therefore, classified in risk category 3.

B. Investments

Investments authorized by WPBF's Board of Trustees and held by WPBF include publicly traded stocks. Investments held by WPRC include bond and government securities mutual funds. GASB Statement 3 requires investments to be categorized to indicate the level of risk assumed by the State at year-end. The risk categories for investments are: 1) insured or registered, or the securities are held by the entity or its agent in the entity's name; 2) uninsured and unregistered, with securities held by counterparty or its agent in the

entity's name; and 3) uninsured and unregistered, or the securities are held by counterparty or its agent, but not in the entity's name. ECB Radio Network's share of WPRA investments in bond and government securities mutual funds are not required to be categorized under GASB Statement 3. WPBF's investment in equity securities meets the criteria for risk category 1. Detail for investment balances as of June 30, 2004, follows:

	<u>Fair Value</u>	<u>Cost</u>
Equity Securities	\$1,545,028	\$1,335,507
Bond Fund	147,904	153,012
Government Securities Mutual Funds	<u>85,020</u>	<u>87,067</u>
Subtotal	\$1,777,952	\$1,575,586
Certificates of Deposit Reported as Investments	<u>153,066</u>	<u>153,066</u>
Total	<u>\$1,931,018</u>	<u>\$1,728,652</u>

3. FUND TRANSFERS

WPBF transfers funds monthly to ECB's operating fund based upon funding requirements. The transfers are reflected as interfund transfers on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The timing of those transfers and the expenses result in an interfund payable and a receivable at year-end, which are reflected in the Balance Sheet.

4. CAPITAL ASSETS

	<u>Beginning Balance¹</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 84,588	\$ 0	\$ 0	\$ 84,588
Capital Assets Being Depreciated:				
Buildings	3,018,234	804,716	0	3,822,950
Equipment	<u>5,215,603</u>	<u>215,407</u>	<u>(74,990)</u>	<u>5,356,020</u>
Total Capital Assets at Historical Cost	8,233,837	1,020,123	(74,990)	9,178,970
Less Accumulated Depreciation for:				
Buildings	(782,150)	(121,766)	0	(903,916)
Equipment	<u>(1,869,720)</u>	<u>(305,077)</u>	<u>67,491</u>	<u>(2,107,306)</u>
Total Accumulated Depreciation	<u>(2,651,870)</u>	<u>(426,843)</u>	<u>67,491</u>	<u>(3,011,222)</u>
Total Capital Assets Being Depreciated, Net	<u>5,581,967</u>	<u>593,280</u>	<u>(7,499)</u>	<u>6,167,748</u>
Total Capital Assets, Net	<u>\$ 5,666,555</u>	<u>\$593,280</u>	<u>\$ (7,499)</u>	<u>\$ 6,252,336</u>

¹ Beginning balances were restated for a prior-period restatement (see Note 14).

Depreciation expense was charged to functions as follows:

Programming	\$ 774
Delivery	406,739
Administration	<u>19,330</u>
Total Depreciation Expense	\$ 426,843

Federal grant funds received from the National Telecommunications and Information Administration (NTIA) to purchase equipment contain a priority lien. The lien extends for a period of ten years after the grant is closed, during which time the federal government retains priority reversionary interest in the equipment. ECB was awarded five NTIA capital equipment grants related to the ECB Radio Network between FY 1995-96 and FY 2001-02. The book value of equipment purchased with NTIA funds is \$564,817 as of June 30, 2004.

5. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated Absences	\$ 74,417	\$14,957	(\$16,451)	\$ 72,923
Bonds Payable	<u>140,412</u>	<u>75,971</u>	<u>(77,266)</u>	<u>139,117</u>
Noncurrent Liabilities	\$214,829	\$90,928	(\$93,717)	\$212,040

The noncurrent liabilities are generally funded with operating subsidies received from the State of Wisconsin, with the exception of the bonds payable, which are funded with program revenue (Note 7). The portion of the liability that is due within one year is reflected in the current liabilities on the Balance Sheet.

6. GREEN BAY TOWER OPERATING LEASE

The Department of Administration authorized ECB to enter into a long-term contract with Young Broadcasting of Green Bay, Inc., with the contract period not to exceed 20 years. ECB executed a multi-year lease of a tower, transmission line, antenna, channel combiner, air conditioning, and transmitter building. The lease agreement required a rent prepayment in the amount of \$743,000, of which \$100,000 was allocated to the Radio Network. The prepayment was paid in September 2002 and was funded by the Wisconsin State Building Trust Fund. The rent expense associated with the prepayment is being recognized over the life of the lease, which is 20 years. The amount paid in excess of the amount recognized is reported as a prepaid expense on the Balance Sheet.

In addition to the rent prepayment, ECB is required to make annual rent payments in lieu of taxes. The contract requires an initial payment of \$10,000 and a scheduled rent increase each lease year by 3 percent compounded until the end of the lease term. The annual payments are allocated 60 percent to the Television Network and 40 percent to the Radio Network.

The following is a schedule of future minimum obligations under this operating lease as of June 30, 2004:

<u>Fiscal Year Ended June 30</u>	<u>Television Network</u>	<u>Radio Network</u>	<u>Total Amount</u>
2005	\$ 6,365	\$ 4,244	\$ 10,609
2006	6,556	4,371	10,927
2007	6,753	4,502	11,255
2008	6,956	4,637	11,593
2009	7,164	4,776	11,940
2010-2014	39,177	26,118	65,295
2015-2019	45,417	30,278	75,695
2020-2022	<u>30,653</u>	<u>20,435</u>	<u>51,088</u>
Total	<u>\$149,041</u>	<u>\$99,361</u>	<u>\$248,402</u>

7. GENERAL OBLIGATION BONDS AND NOTES

ECB has used proceeds received from a number of State of Wisconsin general obligation bonds and general obligation commercial paper notes to finance the acquisition, construction, development, enlargement, or improvement of facilities operated by ECB. The proceeds were included as support in the year the facilities were acquired.

The general obligation bonds repaid by the State's general purpose revenue are not considered debt of ECB because their repayment is from general purpose revenue. Therefore, the debt financed through general purpose revenue appropriation is reported in the State of Wisconsin Comprehensive Annual Financial Report rather than the ECB Radio Network's financial statements. The indebtedness carried by the State of Wisconsin on behalf of the ECB Radio Network to be repaid by general purpose revenue as of June 30, 2004, is \$4,757,467 in general obligation bonds and \$134,539 in commercial paper notes. ECB is responsible for the repayment of interest on these obligations; therefore, interest expense of \$106,624 is included in the nonoperating expenses on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

In addition to general obligations financed by general purpose revenue, five general obligation bond issues are financed through program revenues, as mandated by s. 20.255(1)(j), Wis. Stats. Because the repayment of this indebtedness is financed through ECB's program revenues, it represents debt

of the ECB Radio Network and, accordingly, is presented as a liability in the financial statements. The amount provided through program revenue for indebtedness during FY 2003-04 is \$12,425, which consisted of a principal payment of \$5,321 and interest payment of \$7,104. The principal payment is recorded as a reduction of the current bonds payable, while the interest payment is included in the nonoperating expenses on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

As of June 30, 2004, debt service requirements for principal and interest in future years for program revenue-funded bonds are as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2005	\$ 5,567	\$ 7,538	\$ 13,105
2006	5,822	7,260	13,082
2007	6,103	6,968	13,071
2008	6,392	6,663	13,055
2009	6,894	6,344	13,238
2010 to 2014	43,481	25,205	68,686
2015 to 2019	56,544	12,350	68,894
2020 to 2024	<u>13,882</u>	<u>752</u>	<u>14,634</u>
Total	<u>\$144,685</u>	<u>\$73,080</u>	<u>\$217,765</u>

8. CAPITAL CONTRIBUTIONS

The capital contributions for the ECB Radio Network are:

A. State of Wisconsin Building Trust Fund Appropriation

The amounts provided from the State of Wisconsin Building Trust Fund to finance ECB projects approved by the State Building Commission are recorded as revenue in the period expenses are incurred.

B. Grants

Federal grant funds received from NTIA and used to purchase capital equipment are recorded as support when the expense is incurred.

9. CONTRIBUTED IN-KIND SUPPORT

Contributed in-kind support represents expenses paid on behalf of ECB by other entities and includes donated professional services, donated general operational services, donated materials, and donated instructional radio services. In-kind support is reported both as revenue and expenses and, therefore, has no effect on net assets.

Donated professional services are recorded at the fee typically charged by the professional for the same type of service. All other donated services are recorded at the cost of providing the service.

The financial statements include \$22,955 in donated professional services, \$250,078 in donated general operational services, \$14,619 in donated materials, and \$4,989 in donated instructional radio services.

10. EMPLOYEE RETIREMENT PLAN

Permanent employees of the ECB Radio Network are participants in the Wisconsin Retirement System, a cost-sharing, multiple-employer, defined benefit plan governed by Chapter 40 of Wisconsin Statutes. State and local government public employees are entitled to an annual formula retirement benefit based on: 1) the employee's final average earnings; 2) years of creditable service; and 3) a formula factor. If an employee's contributions, matching employer's contributions, and interest credited to the employee's account exceed the value of the formula benefit, the retirement benefit may instead be calculated as a money purchase benefit.

The Wisconsin Retirement System is considered part of the State of Wisconsin's financial reporting entity. Copies of the separately issued financial report that includes financial statements and required supplementary information of the Wisconsin Retirement System may be obtained by writing to:

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

The most current financial report is also available on the Department of Employee Trust Fund's Web site, *etf.wi.gov*.

Generally, the State's policy is to fund retirement contributions on a level-percentage-of-payroll basis to meet normal and prior service costs of the Wisconsin Retirement System. Prior service costs are amortized over 40 years, beginning January 1, 1990. However, in December 2003 the State issued bonds and subsequently fully liquidated its prior service liability balance as of January 2003. The liquidation of the State's prior service liability resulted in credits being granted to state agencies for amounts already paid in 2003. In addition, state agencies will be required to make future contributions to fund the bond payments.

The retirement plan requires employee contributions equal to specified percentages of qualified earnings based on the employee's classification, plus employer contributions at a rate determined annually. The ECB Radio Network's contribution to the plan, including employer and employee

contributions, was \$144,542 for FY 2003-04. The relative position of the ECB Radio Network in the Wisconsin Retirement System is not available because the system is a statewide, multi-employer plan.

11. WISCONSIN PUBIC BROADCASTING FOUNDATION, INC. (WPBF)

WPBF is a statutorily defined not-for-profit corporation (s. 39.12, Wis. Stats.) wholly owned by ECB that solicits funds in the name of, and with the approval of, ECB. WPBF's funds are managed by a five-member board of trustees consisting of the executive director of ECB and four members of the ECB Board. Because the State has fiscal accountability for and can influence WPBF operations through legislation, WPBF is considered a blended component unit of the State of Wisconsin. The WPBF accounts pertaining to radio are included in the ECB Radio Network's financial statements, and the accounts pertaining to television are included in the ECB Television Network's financial statements. A summary of significant financial data relating to WPBF, which includes radio, television, and other non-broadcasting activities of WPBF, follows. Copies of WPBF's separately issued financial statements may be obtained by contacting ECB at 3319 West Beltline Highway, Madison, WI 53713-4296.

	<u>June 30, 2004</u>
Cash and Investments	\$7,562,339
Other Current Assets	286,109
Liabilities	<u>(420,802)</u>
Net Assets	<u>\$7,427,646</u>
	<u>Fiscal Year Ended</u>
	<u>June 30, 2004</u>
Revenues	\$9,737,602
Expenses	<u>(1,635,344)</u>
Excess Revenues over Expenses	<u>\$8,102,258</u>

12. RELATED ENTITIES

A. WHA Radio

WHA Radio is a public telecommunications entity licensed to the University of Wisconsin (UW) Board of Regents and operated by UW Extension. In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the UW Board of Regents developed partnerships called Wisconsin Public Radio and Wisconsin Public Television to manage and operate their licenses. The partnerships are maintained through an affiliation agreement outlining structural principles and functions, administrative staff allocations, stations (of both Wisconsin Public Radio and Wisconsin Public Television), and financial commitments of the partners. ECB and the UW Board of Regents jointly appoint the directors of Wisconsin Public Television and Wisconsin Public Radio. Staff and resources from both agencies work together to provide administrative and program services. Amounts due to or from affiliated parties are separately disclosed on the Balance Sheet. The relationship pervades all aspects of the financial activities reported in the accompanying financial statements.

B. Wisconsin Public Radio Association, Inc. (WPRA)

WPRA is a publicly supported not-for-profit corporation whose purpose is to administer various fundraising and membership duties of Wisconsin Public Radio and to provide support to the ECB Radio Network and WHA-Radio, a network of radio stations licensed to the UW Board of Regents. WPRA solicits funds in the name of, and with the approval of the licensees, ECB and the UW Board of Regents. Under the affiliation agreement, ECB and WHA-Radio staff, along with the WPRA Board of Directors, approve WPRA's budget. The licensees have access to WPRA's net resources and retain an ongoing allocated interest in WPRA's net assets. ECB's and the UW Board of Regents' allocated interests in WPRA are calculated in accordance with an affiliation agreement, which currently provides ECB with 76 percent of WPRA net resources and the UW Board of Regents with 24 percent. This agreement is renegotiated annually based upon membership proportion.

ECB includes in the WPBF fund its allocated share of WPRA assets, liabilities, revenues, and expenses. In prior years, only ECB's net equity in WPRA resources was reflected in the ECB Radio Network's Balance Sheet. Presentation of ECB's allocated share of assets and liabilities was determined to be preferred as a result of a reassessment of the relationship between WPRA and Wisconsin Public Radio (ECB Radio Network and WHA-Radio) under GASB 39, *Determining Whether Certain Organizations Are Component Units*. A summary of amounts related to WPRA included in the accompanying financial statements follows:

	<u>June 30, 2004</u>
Cash and Cash Equivalents	\$ 487,014
Investments	385,990
Receivables and Other Current Assets	<u>274,983</u>
Total Assets	1,147,987
Accounts Payable	<u>(52,975)</u>
Net Assets	<u>\$1,095,012</u>

	Fiscal Year Ended <u>June 30, 2004</u>
Contributed Support and Revenue	\$3,707,784
Expenses:	
Program information	\$150,520
Management and general	103,513
Fund-raising	<u>326,572</u>
Total Expenses	<u>580,605</u>
Net Change in Assets	<u>\$3,127,179</u>

WPRA issues separate financial statements, which are audited by other auditors. A summary of significant WPRA financial data follows. Copies of WPRA's separately issued financial statements may be obtained by contacting the Financial Manager of the Wisconsin Public Radio Association, Inc., at 821 University Avenue, Madison, WI 53706.

	<u>June 30, 2004</u>
Cash and Cash Equivalents	\$1,261,590
Investments	755,967
Receivables and Other Current Assets	<u>361,819</u>
Total Assets	2,379,376
Accounts Payable	<u>(416,921)</u>
Net Assets	<u>\$1,962,455</u>

	Fiscal Year Ended <u>June 30, 2004</u>
Contributed Support and Revenue	\$4,913,628
Expenses:	
Program information	\$ 198,052
Management and general	137,139
Fund-raising	429,700
Payments to ECB and WHA	<u>3,649,718</u>
Total Expenses	<u>4,414,609</u>
Net Change in Assets	<u>\$ 499,019</u>

C. Rib Mountain Communications

ECB entered into a joint ownership agreement on November 1, 2001, to erect, operate, and maintain a new broadcast tower on Rib Mountain, Wisconsin. The agreement is between ECB; WRIG, Inc.; QNI; and Gray Midamerica Television, Inc. The shares of ownership are 33 percent, 23 percent, 20 percent, and 24 percent, respectively. Each party contributes its respective share of maintenance and repair on an annual basis. An annual budget is prepared for the joint ownership to determine respective amounts of maintenance due from each party. ECB allocates assets and expenses between the radio and television networks.

13. WHAD-FM ALLOCATION

On September 29, 1993, WHAD-FM and its affiliated Ideas Network stations qualified for Community Service Grant assistance from the Corporation for Public Broadcasting. WHAD-FM and affiliated Ideas Network stations are licensed to ECB, and the stations' financial transactions are included as part of the ECB Radio Network financial statements. That portion of the Statement of Revenues, Expenses, and Changes in Fund Net Assets attributable to Ideas Network stations' revenues, direct expenses, and related readily allocable indirect expenses is identified in the following table. The remaining revenues and expenses are considered attributable to WERN and its affiliated Music Network stations and include any unallocated amounts of the Ideas Network stations. A summary of the portions of ECB Radio Network activities attributed to WHAD-FM and WERN follows:

	WERN-FM and <u>Affiliates</u>	WHAD-FM and <u>Affiliates</u>	ECB Radio <u>Total</u>
Operating Revenues			
Contributed Support Corporation for Public Broadcasting Grants	\$1,759,865	\$1,740,096	\$3,499,961
Underwriting Grants	396,132	287,790	683,922
Other Grants and Contracts	353,908	278,071	631,979
Major Gifts	193,405	0	193,405
Contributed In-Kind Support	24,436	0	24,436
Royalties and Other Income	292,641	0	292,641
	<u>261,289</u>	<u>0</u>	<u>261,289</u>
Total Operating Revenues	<u>3,281,676</u>	<u>2,305,957</u>	<u>5,587,633</u>
Operating Expenses			
Program Services:			
Programming and production	1,719,881	1,693,296	3,413,177
Broadcasting	2,135,390	284,041	2,419,431
Program information	<u>150,520</u>	<u>0</u>	<u>150,520</u>
Total Program Services	<u>4,005,791</u>	<u>1,977,337</u>	<u>5,983,128</u>

	WERN-FM and <u>Affiliates</u>	WHAD-FM and <u>Affiliates</u>	ECB Radio <u>Total</u>
Support Services:			
Management and general	461,892	212,816	674,708
Fund-raising and membership development	373,208	0	373,208
Underwriting	<u>1,895</u>	<u>0</u>	<u>1,895</u>
Total Support Services	<u>836,995</u>	<u>212,816</u>	<u>1,049,811</u>
Total Operating Expenses	<u>4,842,786</u>	<u>2,190,153</u>	<u>7,032,939</u>
Operating Income (Loss)	<u>(1,561,110)</u>	<u>115,804</u>	<u>(1,445,306)</u>
Nonoperating Revenues (Expenses)			
State General Fund Revenue	1,017,751	464,823	1,482,574
Required Lapse to the State General Fund	(138,300)	0	(138,300)
Loss on Disposal of Capital Assets	(7,499)	0	(7,499)
State Insurance Funds	8,038	0	8,038
Capital Debt Interest Expense	(113,728)	0	(113,728)
Investment Income	<u>313,769</u>	<u>0</u>	<u>313,769</u>
Total Nonoperating Revenues (Expenses)	<u>1,080,031</u>	<u>464,823</u>	<u>1,544,854</u>
Income (Loss) Before Contributions and Transfers	(481,079)	580,627	99,548
Capital Contributions and Transfers			
Capital Contributions	<u>936,119</u>	<u>7,220</u>	<u>943,339</u>
Change in Net Assets	<u>\$ 455,040</u>	<u>\$587,847</u>	<u>\$1,042,887</u>

14. RESTATEMENT OF BEGINNING NET ASSET BALANCES

As discussed in Note 12B, the presentation of WPRA balances and activities allocated to the ECB Radio Network was changed as the result of a reassessment of the relationship between WPRA and Wisconsin Public Radio (ECB Radio Network and WHA-Radio) under GASB 39, *Determining Whether Certain Organizations Are Component Units*. The beginning net asset balance was adjusted to include the ECB Radio Network's allocated share of \$47,456 in WPRA program restricted net assets that previously was not included in the ECB Radio Network's net equity in WPRA resources. The ECB Radio Network's allocated share of the program restricted net assets is reported as restricted net assets in the Radio Network's Balance Sheet.

The beginning net asset balance also was adjusted to reflect the adjustment of prior-year capital asset balances and expenses resulting from errors in not identifying assets that met the capitalization criteria. The effect was to increase the historical cost of assets by \$96,560, increase the amount of accumulated depreciation by \$3,421, and increase the net asset balance by \$93,139.

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Report on Control and Compliance ■

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the financial statements of the Wisconsin Educational Communications Board Radio Network as of and for the year ended June 30, 2004, and have issued our report thereon dated December 10, 2004. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wisconsin Public Radio Association, Inc., is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Wisconsin Public Radio Association, Inc., were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with the additional requirements of *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Educational Communications Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal

control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Educational Communications Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions include deficiencies in the Educational Communications Board's capital asset accounting procedures and new capital asset inventory system. Among the deficiencies were problems in determining appropriate assets to capitalize and undetected inaccuracies in the inventory reports because of programming errors. In our testing, we found 79 of 3,757 capital assets were not depreciated correctly, which resulted in an understatement of \$174,459 in depreciation expense for the Television Network's capital assets and \$29,586 for the Radio Network's capital assets. In response to our concerns, the Educational Communications Board took steps to correct programming errors in the inventory system and capitalization concerns, provided materially corrected inventory reports, and revised the amounts included in the audited financial statements. We also noted a lack of proper forms and approvals for disposal of capital assets and inadequate procedures to review and ensure the reasonableness of capital asset reporting. We will provide further discussion of these concerns and corresponding detailed recommendations in a management letter to the Educational Communications Board.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the deficiencies in the Educational Communications Board's capital asset accounting procedures and new capital asset inventory system to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Educational Communications Board Radio Network's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This independent auditor's report is intended for the information and use of the Educational Communications Board, the Wisconsin Legislature's Joint Legislative Audit Committee, and the Corporation for Public Broadcasting. This independent auditor's report, upon submission to the Joint Legislative Audit Committee, is a matter of public record and its distribution is not limited. However, because we do not express an opinion on internal control over financial reporting or on compliance, this report is not intended to be used by anyone other than these specified parties.

LEGISLATIVE AUDIT BUREAU

December 10, 2004

by 
Diann Allsen
Audit Director